

Docket No. 12-0095
Q LINK Ex. 1.6

Docket No. 12-0095

Q LINK Ex. 1.0

Rebuttal Testimony of Issa Asad

Q LINK Ex. 1.6 (2012 Audit Report)

Public Version

Q Link Wireless, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

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INK Ex. 1.6



lopez levi
& associates, P.A., CPAs

Report on the Financial Statements

Management's Responsibility for the Financial Statements

Auditor's Responsibility

Opinion

Lopez River Gold

Certified
March 15, 2013
Public Accountants
and Associates

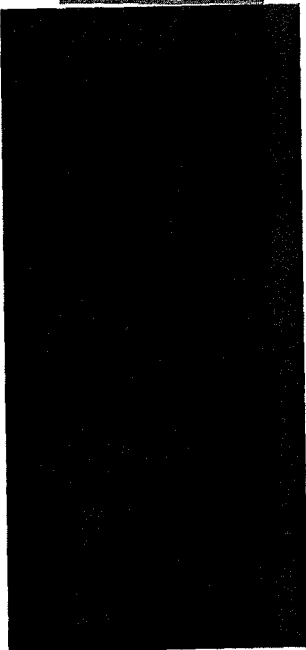
ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 08-27-2013 BY 60322
AUTHORITY NND 6944

Q Link Wireless, LLC
BALANCE SHEET
December 31, 2012

	<u>2012</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	
Accounts receivables, net	
TOTAL CURRENT ASSETS	
PROPERTY AND EQUIPMENT - net	
OTHER ASSETS	
TOTAL ASSETS	
LIABILITIES AND MEMBERS' EQUITY	
CURRENT LIABILITIES	
Note payable	
Accrued expense and accounts payables	
TOTAL CURRENT LIABILITIES	
TOTAL MEMBERS' EQUITY (DEFICIT)	
TOTAL LIABILITY AND MEMBERS' EQUITY (DEFICIT)	

The accompanying notes are an integral part of these financial statements.

Q Link Wireless, LLC
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>
WHOLESALE CARRIER REVENUE	
COST OF REVENUE	
GROSS PROFIT	
EXPENSES:	
Salary and Wages	
General and Administrative	
TOTAL EXPENSES	
OPERATING INCOME (LOSS)	
NET INCOME (LOSS)	

The accompanying notes are an integral part of these financial statements.

Q Link Wireless, LLC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012

2012

CASH FLOWS FROM OPERATING ACTIVITIES:

NET INCOME (LOSS)

Adjustments to reconcile net (loss) to

Net cash (used) by operating activities:

Depreciation

Increase/decrease in assets and liabilities:

Accounts receivables

Accrued and accounts payables

Other assets

NET CASH PROVIDED BY OPERATING ACTIVITIES

CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisition of equipment

NET CASH USED BY INVESTING ACTIVITIES

CASH FLOWS FROM FINANCING ACTIVITIES

Net borrowing on note payable - net of repayment

NET CASH PROVIDED BY FINANCING ACTIVITIES

NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS


CASH AND EQUIVALENTS, BEGINNING OF YEAR

CASH AND EQUIVALENTS, END OF YEAR

INTEREST PAID

The accompanying notes are an integral part of these financial statements.

Q LINK, LLC
STATEMENTS OF MEMBERS' EQUITY (DEFICIT)
YEAR ENDED DECEMBER 31, 2012

	<u>MEMBERSHIP UNITS</u>	<u>ACCUMULATED (LOSSES)</u>	<u>TOTAL</u>
Balances, January 1, 2013			
Members' Contributions			
Net Income (loss)			
Balances, December 31, 2013			

The accompanying notes are an integral part of these financial statements.

**Q Link Wireless, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE A-ORGANIZATION AND DESCRIPTION OF BUSINESS

Description of Business

Q Link Wireless, LLC, a Delaware limited liability company, (the 'Company') was incorporated in 2011, a wholly owned subsidiary of Quadrant Holding, LLC.

The Company's primary activity is prepaid wireless telecommunications carrier designated as an Eligible Telecommunications Carrier ("ETC") solely for the purpose of participating in the Lifeline program.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash Equivalents

All highly liquid investments with maturity of three months or less when purchased are classified as cash equivalents.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over an estimated useful life years. Depreciation expenses totaled [REDACTED]

The Company capitalizes certain costs incurred in connection with developing or obtaining internal use software. These costs consist of payments made to third parties and the salaries of employees working on such software development.

Long-Lived Assets

The Company reviews its long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The analysis of the recoverability utilizes undiscounted cash flows. The measurement of the loss, if any, will be calculated as the amount by which the carrying amount of the asset exceeds the fair value.

Q Link Wireless, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continuation

Revenue Recognition

Revenues on its platform and are recognized when services are rendered.

Cost of Revenues

Direct Costs of Revenues consists primarily of termination costs, toll-free costs, and network costs, including customer/carrier interconnect charges and leased fiber circuit charges.

Advertising

Advertising costs are expensed when incurred.

Regulation

The Company's primary activity is prepaid wireless telecommunications carrier designated as an Eligible Telecommunications Carrier ("ETC") solely for the purpose of participating in the Lifeline program. The local and long distance telecommunications services we provide are regulated by federal, state, and, to some extent, local government authorities.

Universal Service Fund

The Company is exempt from Universal service contribution requirements imposed on Lifeline program ("USF").

Income Taxes

The Company is taxed partnership in lieu of corporation income taxes, the members of the limited liability are taxed on the entity's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

Fair Value of Financial Instruments

At December 31, 2012 the carrying value for the Company's accounts receivable, current assets, accounts payable, accrued expenses and liabilities and other current assets and liabilities approximate fair value.

NOTE C - CONCENTRATIONS OF RISK

The Company maintains cash balances at a financial institution in Miami. Accounts at each institution are insured by the Federal Deposit Insurance Corporation [REDACTED] The Company's balances may at times exceed this limit.

Q Link Wireless, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31.


	Estimated Useful Life (Years)	2012
Vehicle		
Furniture and office equipment		
Computer software		
Accumulated depreciation and amortization		
Property and equipment, net		


NOTE F - NOTES PAYABLES ON OBLIGATIONS

The Company leases office and warehouse space, on a month-to-month basis of approximately month. 

NOTE G - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following as of December 31:

	2012
Accrued payroll, consulting and other expenses	

The Company owes accrued consulting fees to its sole members  due at December 31, 2012.

**Q Link Wireless, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE H - RELATED PARTY BALANCES AND TRANSACTIONS

The Company has note payable to the sole members, totaling [REDACTED] with zero interest payments due at prime at December 31, 2012.

The Company entered into a promissory note agreement (the 'Note') through its Parent, totaling [REDACTED] with zero interest payments due at prime at December 31, 2012.

NOTE H - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 15, 2013, the date on which the financial statements were available to be issued.

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